

## QUESTIONS BROUGHT TO CUSG MEETING ON MON 4<sup>th</sup> NOVEMBER 2019 BY THE USERS OF THECUMBRIANS.NET FORUM

- No Group is made/forced to answer any question and does so at their own behest.
- Some Groups have answered both their own specific questions and the ones that were marked 'All in attendance', others have answered just their own specific questions.
- If a Group hasn't answered their questions, a simple 'No answer received' has been written. This is in the interests of clarity within the CUSG Group.
- TheCumbrians.net would like to thank all those who replied on behalf of those who submitted questions.

### QUESTIONS FOR CUFC: NOTE – ANSWERS PROVIDED BY NIGEL CLIBBENS.

#### BOARD MEMBERS:

**Q1: Why does Andrew Jenkins keep blaming referees in his program notes - is it not time he takes a look at his own problems?**

In my view AJ isn't blaming referees, he is just highlighting the role key match decisions have in finely balanced games. He is simply giving his opinion on what he sees. Everyone has a view on refs. It's a personal view just as a fan has a personal view.

I don't see how having a view on one subject (like refs) then means you can then draw the conclusion it means we are not looking at anything else.

**Q2: Is Mr Nixon's FA position dependant upon Carlisle staying in the EFL?**

YES

To be eligible to be an EFL Club representative board director, you need to be a director of an EFL Club, and a director in the company holding the EFL golden share - in our case Carlisle United Association Football Club (1921) Limited. It is not dependent on being an 'owner'.

It is also to represent clubs in a specific division. John Nixon's appointment is determined by an election held by all League Two clubs. 24 clubs voted and they re-elected him into the position. There is no guarantee of continuing in that role from season to season – it's a club vote.

Once elected to the EFL board there is automatically a place on the FA Council to represent the EFL, and EFL Board members are required to attend FA committees, and potentially sit on the FA Professional Game Board and the FA Board – both as EFL representatives.

John's role as chairman of the EFL Trust is not dependent on the divisional status of CUFC (but the club must be in the EFL) - he is appointed to the position.

**Q3: What does Steve Pattinson bring to Carlisle United - bar obvious lending us 10,000 nearly 20 years ago to sign Stuart Green?**

**Why is Steven Pattinson on the holdings board - what does he bring?**

All three individual shareholders in Holdings are directors on the Holdings board as a consequence of their shareholding, as are CUOSC. It is normal practice in private companies that major shareholders are directors. In our club Steven, John Nixon and Lord Clark are shareholders, but have no voting powers as shareholders. Those voting powers are held by Andrew Jenkins and CUOSC only.

It is a matter of public record that the three individual shareholders have provided very significant personal financial guarantees against the EWM debt.

By Steven, John Nixon and Andrew Jenkins taking that financial risk it is a major commitment to the club and makes an invaluable difference to us.

Again, it is therefore also normal practice, and entirely reasonable, for Steven and John to be on the board to allow them to be able to understand and review the financial commitment they have made, and the risks that carries. If anyone had provided guarantees, you would want to be party to the decisions that affect them. Otherwise you could end up facing the consequences with no influence.

In addition, through his business Steven provides valuable support which saves the club thousands of pounds each year, enabling us to spend money elsewhere, which is of real benefit to the club.

**Q4: Will the club be taking action regarding the incident involving S. Pattinson, that was clearly seen and reported by fans? We cannot have individuals like him connected to the club.**

The club has received no complaint (see the Club Complaints policy). I do recognise there has been social media speculation though.

The club was asked to comment by N&S based on the social media speculation. The reality is that when we say something and explain, it won't be what everyone wants to hear (we can never please everyone). All I can and do is be honest.

Our overall approach is to only comment on social media speculation in exceptional circumstances, as official comment immediately amplifies the issue and can be seen to add unwarranted credibility the 'noise.' However, this time, I judged it was important and, having been personally close to it, I felt it was right to address matters. I did so by setting out the facts.

**Q5: Do the club recognise the overwhelming feeling of apathy towards the owners?**

The directors attend at all games, home and away, and we also have fan representatives on the board [CUOSC] who share the views of their members, and of the wider fan base.

We have monthly meetings with all of the fan groups [CUSG] where the same principle applies (see minutes of the November meeting). On top of that, we are constantly getting messages via emails, social media and through other channels. Not to mention directly from fans in Brunton Park. I always encourage fans to get in touch, and I always reply to emails. Questions via the forum play a part too.

I have said before, nobody at the Club lives in a 'vacuum' insulated from the real world and supporters. The owners live in Carlisle and are lifelong CUFC fans so, yes, everyone is aware of the frustrations, views and other feelings of fans. As a board we are working hard to improve the club.

**Q6: In the 10 years since the 'reluctant' custodians have owned the club, do they associate themselves in the fall from League One play offs to bottom of League Two?**

The league table over the years is there to see. The league position is below where the club was when Mr Story left. As owners and directors, we all have the overall responsibility for the club.

**And if they don't recognise that, why not?**

See above.

**EWM QUESTIONS:**

**Q7: If EWM call in their loans, what would happen? - We don't want waffle saying it won't happen we want to know what would happen if they did?**

There's no change to the position regarding EWM and the club from when the agreement first started. We acknowledge that they prefer to work in the background when it comes to their support for Carlisle United, and some fans don't like this approach and want to hear something from them. We respect the EWM position as their support is invaluable to the club.

To answer the question directly ...

There are legal agreements in place which determine how the commercial funding arrangement with EWM works. As you would expect that covers new money coming in and possible repayment. It's an agreed contract that the club and EWM both comply with.

If EWM 'call in their loans' they would need to do it following terms agreed in those legal agreements. The current agreements we have in place then say how it is to be repaid. Like all commercial deals, I can't give the specific detail to the fans – no club would and no business would either.

However, I can give the fans comfort that our agreement allows for an extended repayment period so, even if hypothetically we were asked to repay, we would have adequate and sufficient time to comply without it adversely affecting the club. Combined with EWMs commitment to ongoing future funding as well, this gives the club the confidence in our financial position now, and looking ahead.

Each year as part of the normal annual audit process, and for EFL source and sufficiency of funding and Salary control rules (SCMP), we receive renewed formal written undertakings about future support and repayment from EWM. This provides the necessary assurance for the club (and satisfies our independent external auditors) that support will continue.

**Q8: Is the EWM facility just preventing us becoming the next Bury?**

I presume you mean going into insolvency and being expelled from EFL.

It is a tragic chain of events, for the fans and community and all connected with Bury. Nobody wants that to happen to any club. I spent over 15 years working with businesses in trouble and the causes of failure are well established. Bury was a textbook example of why businesses (whether they are clubs or not) go bust.

It is always a board of directors responsibility to prevent that (as it was a Bury and the same for every company). It's not the provider of funds, be that a bank or not. It's not EWMs, so EWM are not doing that.

This is why responsible boards must make the tough financial decisions to match their expenditure with their funding, and manage their financial risks based on the source and sufficiency of their funding. Especially when circumstances change.

What EWM are doing is allowing us to spend more money on the football budget than we can otherwise afford.

I see some fans saying we need succession, and I see that they have withdrawn their support until we get it – with new people necessary who will spend more of their money.

Whether you view what we are able spend on the football budget is sufficient, with this extra EWM support, the reality is that it is significantly more than we could spend otherwise.

So, if EWM weren't providing that support the directors would certainly be faced with reducing the club's spending (realistically the football budget) significantly to prevent us from being 'the next Bury.'

We are fortunate we don't have to do that – but it's the reality.

Additionally, EWM have provided ring-fenced funding for a Director of Football which we otherwise could not afford. Less obviously, and again, it is done privately, EWM are also supporting us in retail and commercially (with further initiatives in the pipeline).

Yes, we would like to invest more on income generating activities, which in turn will earn profit to reinvest into the club (and not focus on cost), but we can only spend what we have (and it needs balancing on and off the field) and won't gamble. That has to be right.

These are all things that are making us a better club, more sustainable and more viable and more attractive for investment.

I have said before, and it remains my strong view, it's obvious, the more people who join with us who can look past the sins of the past, and be open minded to the future and the benefits of having EWM on our side, the better for the club.

For me, that is not about supporting or propping up shareholders, custodians, board, or individuals. It's not about being a cheerleader or a happy-clapper either.

More support and positivity helps grows our income, increases our chances of success and speed things up. The opposite equally applies too.

The club's plan and approach is clearly going to be slower than throwing money at it, but it's a realistic and prudent approach, and the best one for us now. All without risking the future of the club. That has to be right.

**Q9: People are sick to death of EWM's silence. The longer this goes on, the more frustrated fans become, and their respect for EWM sinks.**

I recognise that is the view of some. I have seen reference to EWM as being like a bank. This is not the case. Our relationship is deeper and stronger than that financial 'transaction' or 'money provider' approach.

In reality it is deeds that matter and what EWM has actually done, and is continuing to do and is committed to doing, is positive, and should be seen as a positive in my view.

Yes – they don't shout about it or want to talk about, it is not their way. They want to go about their business privately but want to see us get better and be a success and playing a part in providing the finances and support to help us do that. If putting something back from their business is to the benefit of the club and community, which I really believe it is, I respect that approach.

So, while we hear the criticism, I know many fans see the real positives in their support, because they tell us too.

**What may be seen by some as helping out the club, can be seen by others as propping up the current regime, and preventing succession.**

I can see some fans hold that view. I disagree strongly with that it – why?

Firstly, it's clear in all the answers to this month's questions, and previously, how the actions of EWM in giving support to the club are clear, invaluable and making us better.

I understand our situation is different to how other clubs operate, but we are focused on the real benefits of what we are fortunate to have in the whole relationship. I hope more fans can be open minded to see this too.

Secondly, looking from the other perspective of being a negative that is 'preventing succession'... if EWM were not helping and supporting the club it would certainly mean the club would need to operate very differently, and certainly realign its spending downwards to match a lower level of funding. Would that increase the prospects of succession at all?

Only if someone else stepped in immediately with source and sufficiency for now and the future could that change. We would certainly find out for certain if they were a barrier.

Finally, as I have said every month, the door is open. It's not closed because of EWM. When I talk to those people who enquire they don't see EWM as a barrier.

**John Jackson is a registered Director, however has never spoken about the club. Could an interview be arranged between him and Jon Colman?**

The N&S has made requests and continues to make them.

I don't see that changing in the short-term, this is consistent with the EWM's approach to doing its business privately.

I have explained the roles of 1921 and Holdings boards in answers in other months. JJ is Group Financial Controller of EWM. In layman's terms he is their Chief Accountant.

Our Holdings board deals with the club's strategic issues and major decisions. EWM does not control the club or those decisions. JJ is one director out of six with a vote in those decisions.

As I explained in Q3, the shareholders and guarantors of the club are on the board to oversee their 'risk.'

John's Holdings board role is primarily focussed on overseeing the commercial funding agreement with CUFC and representing EWM interests arising from it. In normal business, when you have a party providing money to a company in the way EWM does, it's normal for them to be on the company board. This is the same idea.

That simply means monitoring how the club's finances, trading and our material deals and decisions impact on that. Additionally, it helps as a link into commercial support as well.

It's not a hands-on role, it's not day to day, it's just as and when required. JJ does not set the EWM policy towards the club, but he ensures it is implemented and he is the link from club to EWM. It makes operating the financial agreements effective and efficient for the club and EWM, which is important for everyone.

#### **POSSIBLE TAKEOVERS:**

**Q10: Will the club confirm that talks are underway with someone for takeover of the club, as CUOSC call it "Succession"?**

I don't know what the rumour is. If you can send me a link to something specific or something someone from the club has said, I will of course respond.

I am aware at a private CUSOC meeting with a fan that potential investment was discussed, but there is nothing to report at present.

**Q11: Can the club state a financial figure which an interested party would have to bring to the club to take us over?**

No. Here is why that is not possible for us to answer the question.

Firstly, investment requires new people wanting to buy the club and take control.

Secondly, they need to have as a minimum:

1 - Sustainable source of money (Bury and Notts County didn't have, for example – hence owners and club got into severe distress) and ...

2 - The required amount of money needed to:

- a. run the club day-to-day covering cash its needs based on their ‘new plan.’
- b. fund a competitive football budget – how much that is will be different to different people – it’s what they view that as which determines what is needed.
- c. change, develop and improve the club in the short and medium term – linked to their ‘new plan.’
- d. invest in the club for the long term future – again depends on their ‘new plan.’
- e. deal with any overhang issues at the start – this depends on what is negotiated between buyer and seller.
- f. cover emergency ‘rainy day’ needs – ‘rainy day’ money is important but not sufficient on its own – again depends on the risk in their ‘new plan.’
- g. buy the shares / assets of the club / clear or re-finance the ‘overhang’ legacy debts – depends on negotiation.
  - Mr Story generously forgave his £1m legacy debt – but not initially, and ...
  - the existing shareholders have already converted £1.5m to extinguish all of their personal debt.

The EFL will test 1&2 and their consistency and sufficiency with the ‘new plan.’

3 - A credible ‘new plan’ for the trading of the club that is realistic, achievable and sustainable, and funded by 1&2. A ‘new plan’ that based on growing income and cutting cost may look like needing less money, but is it credible? And what if that plan fails? You may need more ‘rainy day’ money and that could go quickly, then what? Hence the need for sustainability in the source of funding.

4 - The new investor needs 1,2 & 3 for both:

- (a) now, when the deal is done and ...
- (b) far more importantly, for the future (the EFL requires evidence for a minimum of 2 years).

Once you are an owner – it is very difficult to exit the club (especially in an orderly fashion quickly), in particular if times become difficult (eg Bury, Notts County, Bolton). Many clubs are looking for new owners publicly (Sunderland) or under the radar, some have had new investment and then needed another change (Aston Villa, Notts County). Football clubs have high fixed costs to pay month in, month out, but volatile income. Clubs can need very large amounts of unexpected cash, quickly, and the options for reducing the cash required can be very limited and take a long time to take effect. Until things change bills need to be paid.

Club’s can operate and even get some success, before the problems of not having 1, 2, 3 and 4(b) come to roost – but when they do it can be catastrophic.

So, depending on what a new investors ‘new plan’ is, will therefore determine the amount of money they need to bring at the start. The success of their ‘new plan’ will also impact on what is required later – so that is why I can’t put a figure on what a new investor needs to bring. It depends on them. Some of that depends on what they inherit, so that is why we are focussing on resolving ‘overhang issues’ and reducing the risk of the club, to make it more attractive for investment.

**Q12: What exactly will it take to get a change of ownership? How much money?**

See Q11

### How quickly could it happen?

That depends - every deal is different - it is impossible to predict timescales and raises false expectations to try. Our experience before 2016 is a case in point. One offer required a fundraising exercise, to do that takes unavoidable time to fulfil the proper legal compliance. An offer with funding already in place could take far less time. This is often difficult because sellers require proof of funds before they will even discuss a deal.

### Q13: How much will it be to work with interested parties and other supporters over this? - even folk who have been rejected previously?

The door is not closed to anyone. To do a commercial business deal the parties don't need to be friends or even like each other, or have done deals before together. It's business, but business is personal and in my experience there needs to be mutual respect and mutual trust between parties to get deals completed successfully. Bad experiences in the past can make this difficult but, in my experience, they are not necessarily deal breakers. Deals where either party think or feel they are being or could be 'taken for a ride' (however you describe it) so to speak, rarely succeed, even if the parties start off trying to do the deal.

Often the initial stages of a deal are about building that mutual trust and respect I referred to. Nobody wants to start a deal and then not successfully complete it. It takes time and wastes money and can leave a very bad taste afterwards. There are no winners (on either side) when that happens – the damage can be big and long-lasting– so that is why some deals never even get to the starting line. This is the same in football and in business (... examples are everywhere). It is also why deals tend to be done 'under the radar' so if they fail the parties are not tarnished, and if they are delayed nobody points blame.

Once you get past those basic starting issues, what then matters is the source and sufficiency of the money and the deal terms (see Q11).

### Would the club work with Andrew Lapping, if he decides to make an offer of help?

See above.

### Or would it have to be a hostile takeover?

Hostile takeovers are associated with Public Companies rather than football clubs. I am not aware of a 'hostile' deal in football.

### DAVID HOLDSWORTH:

#### Q14: Why is David Holdsworth still at the club?

David has a job to do at the club and is working hard to do it. He has been in the role for a relatively short time given it's a totally new development for the club, with a lot to deal with. The reasoning behind having the role and his appointment haven't changed, they are more important than ever. David has made a positive impact and made improvements to what we do, which is what we all want to happen.

As I said recently, the football operations of the club remain in a period of major change. We have already seen widespread and deep changes in the club's approach to football budgets and player contracts, football staff leaving and joining, a new Director of Football role, and players being recruited and leaving along the way. This is a lot in a relatively short space of time. This was unavoidable for us but, in the long-term we believe it will make the club less fragile and less financially at risk and, as I have said, a better club to invest in. I am sure fans can see these things taking place and understand why it is required. But, through the transition, it is not easy as we go through that process of rebuilding. It takes time and perseverance to see it through and it brings risks and problems along the way. David is playing a crucial role in making sure we manage this period and are successful on the pitch going forward.

**Q15: What does David Holdsworth do between September and December?**

The role of Director of Football is not just about work in transfer windows. This gives a flavour of what the role is all about:

<https://www.bbc.co.uk/programmes/p07rbb8j> (I hired Stuart Webber and gave him his opportunity as DoF)

<https://worldsports.foredooming.com/bt-sport/9575/>

We are nowhere near the same level as these PL clubs (who have established the role over many years), while we are in the very early stages of our development but, in my view, this is the blue print of best practice in my opinion – it's what I worked at implementing at my previous club – where I also hired and worked with Ross Wilson (now at Rangers FC DOF, at the start, then with Stuart).

As I said in the past, we have been criticised as a board for not having ex-footballers who can help deal with players and negotiations, and advise and help direct the board on football decisions. Now we have addressed this.

Every club is different. I believe strongly in the DoF role and it's now normal, even in L2 – although as I said the detail in the role is different everywhere.

David takes the lead in all football decisions and, while his focus is the first team at present, he is increasingly involved in the academy and the other parts of the first-team set-up.

**Q16: If DH is indeed employed by CUFC, why has he not been sacked, he's signed 20+ players and appointed two managers who are a downgrade on the poor (very poor options in some cases) that we already had?**

Both managers were selected by the Holdings board, not David – he played a key part in the process, but they were collective decisions. David has certainly not 'appointed two managers.'

In our football model we employ a manager, not a coach. This has always been the case. The manager therefore (this applies to both JS and SP, and before them KC) decide on the players

they want, not David. He has a role in sourcing and advising on options, but the final decisions are not his.

#### OFF FIELD MATTERS:

**Q17: How often do the Holdings Company and the 1921 Boards meet and when were the last four meetings for both held?**

1921 board meetings are held monthly (sometime six-weekly). Last meeting was on 15 October 2019, before that 29 August 2019. Prior meetings were held in March, May, June.

Holdings meets broadly every two months plus, as required. Last meeting 28 October 2019, other previous meetings followed that broad schedule.

**Q18: In recent interviews, Holdsworth stated that the club is in a safe place. Is there any concern about current poor attendances?**

The board is always looking very closely at crowds (see Q15 September 9/19). We want to see crowds increase - like they did last year. Nobody is complacent about pressure on attendances.

They are clearly very important to the club and fans for many reasons, not just the immediate financial impact. This is a recurring theme and an important one.

It is also emotive, with lots of personal experiences of memorable games / crowds and matches with friends. Often it's the big crowds and big occasions that spring to mind, compared to now. Which is why its important to look at the issue carefully and objectively.

For example, it's why we are growing the Cumberland Community Ticket Scheme and Play on the Pitch initiatives. It's why the Shirt for Sevens, Junior Blues and Olga's Army memberships are important for fans of the future. We are conscious of ticket prices, which is why they have been held for many years. We want to grow season ticket numbers which is why we offer low children's prices and have kept prices mostly unchanged in recent years. All these things go into the mix along with football performance and wider club issues, never-mind changes to the lives our fans lead and the choices they have.

There are certainly periods when CUFC L2 crowds were higher than now, and also there are periods when they were lower. We had bigger crowds in the non-league (promotion season) but have had lower in higher divisions too, all with different owners.

At the same time, attendance can fluctuate for many reasons from week to week. For example, after nine home games:

- this season our overall average and the number of home fans are both higher (slightly) than last season at the same point.
- we have had three lower than 4,000 (two Tuesday nights and last Saturday).
- last season we had four in the first nine. In the last six L2 seasons (after nine games).
- for seven of the last eight years (five of the last six years in L2 and 2012/13 and 2013/14 in L1), the average home gate is in the range 3,800 to 4,200 (with the average of around 4,000 – the current average is 4,000. So, the current home gate is in line with the recent history (seven of the last eight years) and slightly better than last year.

In the short-term, there is no doubt winning at home, exciting and entertaining matches and 'happy fans' makes it more likely walk-up fans will return next match (like 2016/17).

Events can give a short-term impact (like 8KforMK) or opposition. Being near the top of a division (2016/17) and moving up divisions also increase crowd sizes. In the long-term, sustained on-field success and off the field experience (match experience / club development) then can make an impact.

Selective periods and data points can be picked to 'support' an opinion. But that can be obviously misleading. I have spent time and looked back at data over nearly 50 years, covering different periods and different divisions, and owners and performance on the pitch, to try and cut through and get a broader view of where we stand. Looking closely at data over so many seasons shows it is certainly not easy to draw statistically significant conclusions about factors influencing gates – many, many factors impact.

None of that detracts from the key issue – as a club we need gates to be higher. They have the potential to be higher, some potential fans are not coming. We are undertaking initiatives off the field to make an impact (some detailed above) and on the field performance is a crucial factor.

**Q19: Holdsworth says the club is healthy - We are currently bottom 5 in tier 4, losing supporters, money and playing dreadful football - in what part are we healthy?**

The answer is in response to a question about the finances of the club 'off the field' and contracts policy, not football on the field.

He said: "The policy we brought in was no different to last year. We've stabilised this club dramatically, having been very unwise in previous years and putting our club in a position of difficulty, monetary-wise ... we are now in a far better place. We still always want to improve that, as I do myself, but we don't spend what we haven't got..."

See my answer to Q8

**Q20: What is the current debt level and can we have a breakdown of it please?**

The policy of the club is that the debt of the club is disclosed annually in the Audited Financial Statements. So, I cannot disclose that.

I understand because of this it allows speculation to build, and that can then lead to concerns for supporters.

As I have said before, the overall debt of the club has been almost unchanged for many years, contrary to what might be believed or is often reported (although the amounts owed to different funders changes all the time). This is public record.

The last published debt was, at 30 June 2018, at £2.26m and was largely unchanged from 2017. Going even further back the debt at 30 June 2015 was £2.2m, the same as in 2018. No change in three years from June 2015 to June 2018.

All the detail is here: <https://www.carlisleunited.co.uk/news/2019/march/Club-agm-date-announced/>

By way of breakdown at 30 June 2018, the £2.26m included:

- £260k for normal trading overdraft and a mortgage (secured on the Club houses) and
- £30k of normal business finance leases (vehicles and catering equipment).
- Around £1.9m was owed for cash injected into the club to allow us to spend more on the football than the club can afford itself.
- £600k was owed to the shareholders and connected businesses (Pioneer) and the remainder to EWM.

Again, this is all public record and the 30 June 2019 amount will be fully disclosed in the next accounts.

It is clear this is over 16 months ago, and fans want to know the position now.

What I can say is since 30 June 2018 the shareholder debt has been fully eliminated. The Pioneer debt has also been reduced, as agreed, as part of their sponsorship deal. The overdraft and mortgage are unchanged.

The club continues to spend more money on players than it can afford itself from its own trading activities. Even with improvements in this since 2018, and a reduced player budget last year in 18/19 (compared with 17/18), the club still spent more money on players than it could afford itself.

This again continues to be the case in 19/20. That extra spending on football, which is otherwise unaffordable, is possible only with the financial support of EWM. This continues to be provided as loans (as it has been in the past). So, inevitably, this balance has increased since June 2018.

As a consequence, fans should expect the total club debt to increase when it is next reported, as some debts go down and EWM debt goes up. This is a continuation of the same overall funding model as in previous years. It is the same as most EFL clubs follow.

Again, it is crucial to note, this is all as we budgeted, as expected and as planned, and with the support of our shareholders, EWM and the board. It is from a sustainable source as part of an agreed plan (see Q10).

Fans should also be aware the funding required has reduced considerably in 2019 and it is worthy of note, no external funding has been required for many months.

This reduction in cash requirement, together with us resolving more 'overhang' issues (like the shareholder debt being eliminated) is welcome news and in line with the plan and funding approved by the Board.

Finally, to be clear, football on the pitch is the top priority and we are very mindful of the balance that is required between on-field and off the field activity. See Q19.

Q21: Lack of communication is still a problem. At the Plymouth game the directors were criticised for sitting with the home fans.

Yes, a number of supporters made comment on social media and on the forum.

It later turned out that they didn't choose to do this, it was a decision made by Plymouth.

Yes – comment was made to confirm the facts.

There was an innocent explanation but the lack of communication about it initially led some people to assume the directors had deliberately chosen not to sit with their own fans. Do you accept that the club needs to do more about communicating with fans to ensure misunderstandings like this don't happen?

We make mistakes even though we try hard not to. When we do, I come out and face the music. I take the responsibility and I am honest and stand up. I believe it's important to do that.

I strongly disagree with your point on this occasion.

In my view, it could be a case study of why social media can be misleading and destructive.

Every away match the CUFC directors are allocated to sit in with away fans (we did at Dulwich). The only difference is it's usually a semi-enclosed area, near the halfway line. Nevertheless, it is always surrounded by away fans.

At Plymouth it was in the corner, and not enclosed due to redevelopment work. Pre-match we were at the Leisure Centre next door. We were still sat amongst the Plymouth directors and guests, and again surrounded by away fans. Every match the directors just sit where we are told. I am not aware of a club ever communicating with fans to explain where they are sitting and why.

A picture was taken and tweeted. Social media then takes over.

You say 'lack of communication about it initially led some people to assume the directors had deliberately chosen not to sit with their own fans' ... I disagree.

In my view, through no choice or fault of the directors, some posters drew conclusions and made comment. The club did nothing to cause them say that - simple case of  $1+1=3$  + social media = 9.

Q22: What are the clubs ambitions? Now, in 3 years time, in 5 years time etc.

Our ambition remains ... "all working together, building a sustainable and successful club that we are proud of."

- Strive to be successful on the pitch – this is our top priority – promotion to L1 is the immediate target. After that, to be established in L1 and challenge at the top for promotion to Tier 2. It covers a successful Academy, developing players for the first team and / or sale.

- Improve the match day experience, on and off the pitch – that is focused on West stand improvements using a development approach (see Q27), with any major windfalls being considered as opportunities for more radical development (again prioritising West Stand).
- Improve our engagement and communication with individual fans and supporters' groups - that is centred on CUSG.
- build a club that people want to be associated with – that is not confined to existing fans but investors, sponsors, businesses, new fans of the future (it links to ticket initiatives and attendances. See Q18.) - that feeds into business income and finances and contribution.

<https://www.carlisleunited.co.uk/siteassets/documents/cufc-1921-signed-abbreviated-accounts-june-2018.pdf>

- make a difference in our community working closely with Carlisle United Community Sports Trust.
- be a place where fans want to come to enjoy football and have a good time.
- be open and welcoming to everyone.

<https://www.carlisleunited.co.uk/siteassets/documents/190630-club-charter-june-2019.pdf>

To reiterate, everyone and the club knows and accepts shareholder succession can play a vital part in driving us forward towards achieving our ambitions. But, in my view, succession is not sufficient on its own (Q11).

### Q23: Whose debt will get the £75K TV money - Andrew Jenkins or EWM?

All the historic shareholder debt has now been fully exchanged for non-voting equity in Holdings, there is no shareholder debt to repay whatsoever, to Andrew Jenkins or anyone else.

That means in the last three years close to £1.5m of cash provided to fund the club by shareholders in the past (as interest free, unsecured loans, with no repayment date), is no longer to be repaid by the club. This removes another overhang from the past, and that should be seen as a good move for the club for the future.

No debt has been repaid to any current shareholder (including Andrew Jenkins) since June 2016 when I joined (I haven't looked back before then), or EWM since they became involved.

No cash was repaid from previous windfalls – they were all 100% used within the club. There is no existing requirement or commitment at present to repay any of the EWM loans.

This applies to this TV or any other future windfall either, so the cash from TV will be retained in the club for its day-to-day activities.

All the focus is on using the cash coming into the club wisely, to invest in income generating assets for the long-term, and improve the team, to make the club better and take us forward on a sustainable basis, rather than planning or wanting to take cash out.

### Q24: What have they spent the McCarron and Galloway money on?

I said in August CUSG minutes Q6 ...

“Some of the unexpected funds from the sale will inevitably need to be used to re-roof A stand. I explained in the past that the club needed to rebalance its spending priorities to invest both in the club for the future and also in player wages for the team now. We continue to do that.”

The McCarron money has not been received in full. The part we have got so far has been retained in the club, some for its day-to-day activities, some for A stand and the rest has gone into increasing the football player budget for this season.

We have not received any cash in respect of the Galloway sale so far.

We will decide what to do with the Galloway money and the rest of the McCarron money in the future. This a welcome future windfall that again makes us stronger.

#### **GROUND MATTERS:**

**Q25: Why has the new scoreboard not materialised yet?**

See CUSG meeting minutes this month and previous.

The Display units are with the provider and ready to be put up. The framework has been erected.

The electronic cabling and power supply installation by the cabling firm are still awaited by the installer.

We are promised the install will take place in the next 14 days (target for Cambridge). I apologise. It's frustrating, but we are in the hands of the suppliers and they need to get kit from their sub-contractors. The work is scheduled, and we are looking forward to seeing it in action shortly.

**Q26: Why has it taken over 4 months (and counting) to fix a small roof? Absolutely tinpot.**

**Are they actually doing any work on the paddock or have we cordoned it off cause we can't afford the repairs?**

Answered together: It is cordoned off to protect against the risks of falling debris. Funding is in place and as of 8 November around half of the new sheets have now been installed.

Once the new roof is complete it will mean watching from A stand will be a better experience, which is especially important given it's the Cumberland Community Stand and is used by many kids, and first time fans. I apologise to fans in the paddock who have been affected by the work, but it was unavoidable and makes the ground better. I hope those affected can see the benefit to the wider club.

**Q27: Any progress whatsoever on the stadium plans? It's been about 10 years now with absolutely nothing other than a project name. Are any other club as bad as us at moving forward with something like this?**

Stadium redevelopment is very difficult for non-Premier League clubs, not just CUFC. Even moreso, the further you go down the pyramid. The current position is this:

- Clubs lose money, like us, and rely on owners / funders and cup / player windfalls to reduce that cash 'burn' and fund projects (whether big – like stadiums / stands, or small).
- Income reductions are a real and very high risk for clubs – relegation can change a club very dramatically and take years to recover (Bolton, Hartlepool, Stockport, Tranmere etc) – there is then little reliability of cash to repay borrowings.
- Loss making clubs cannot borrow money from financial lenders to invest because they are seen as bad credit risks who are likely to be unable to pay back the loan – getting any finance normally then still depends on providing guarantees. Any third party lending is usually very high cost and outside normal high street sources (you can see this with Bury).
- Some fans can be very concerned about debt levels (see the question mailbag each month).
- Clubs don't have spare cash to build (because of trading losses) - spare cash often is prioritised for on the field (see Q9 and Q6 August), managers push for it and some fans push for that too.

So, major stadium development is normally dependent on other external deals like:

- accompanying 'enabling' commercial developments (MK Dons).
- existing site sale for alternative use (Scunthorpe, Colchester) plus commercial development.
- community development (York, Barnet) with grants (we used our football grant allowance for the East stand).
- ownership funding (Brentford, Brighton).

When I first joined the club I spent time looking at the options for us. The enabling commercial development option of selling, relocating and funding a new build, via a retail development scheme, had gone due to planning and retail market changes (the shift to online etc) – and is now further away than ever. That was the key opportunity for this club at a special time, and sadly was lost.

The 'sell and self-fund' option was severely undermined by the flood which reduced the value of our site for development.

The community stadium option appeared the most possible (and remains our best route in my view) but that option fell into disrepute after problems elsewhere (Hull, Swansea, Doncaster), plus local government priorities for spending are elsewhere (understandable). This was therefore seen as remote, unless there was a new major impetus which, again, isn't there at the moment – that could change.

At present those radical major redevelopment options are not open to us.

So, a major redevelopment of BP is a long-term and very significant financial commitment, which our current position makes unviable.

If you look at other phased developments in the EFL, they have again typically either been owner funded (eg Stevenage new stand), windfall funded (Exeter new stand) or underpinned by long term community partnerships, or by being modest and incremental over a long time as smaller football windfalls come along. This is much more realistic, but still needs major cash.

Our plan is therefore to use the surplus cash we have from windfalls to make changes where we can, and then make maximum use of the windfalls that come from time to time. This is primarily focused on the West stand. Inevitably this creates issues now and challenges for the future (which I have explained at length before). It can delay changes and that is frustrating for fans, we understand. This is why I include '2d - INVEST IN THE CLUB FOR THE LONG-TERM FUTURE' as a key requirement for new investment in Q11.

The position can change if the options around commercial, community, ownership or windfall funded developments are different going forward. So, it's under review all the time.

#### **OTHER MATTERS:**

##### **Q28: What is the ambition of the club this season? Is it still promotion?**

I am always optimistic about what can be achieved because football is so uncertain, unpredictable and volatile. The unexpected is always around the corner – things can change very quickly. Especially when so many games are very often decided narrowly.

For example:

- We have never been two goals ahead in any of the 17 league game this season – in one goal games you are vulnerable to equalisers and lost points.
- Similarly we have only been two goals down in three games out of 17 - as above, in one goal games when you are behind there is real opportunity to still gain points.

With 17 L2 games gone, we have two thirds of the league season left, and a lot to play for.

We have started the season from scratch with our team building, so as the season goes on that time should help us more than most.

The table and our results show where we are at present. Until promotion is mathematically impossible nobody will or should rule that out. Can we get to P7 in the play offs, yes, then who knows? Yes, it looks a big challenge, but football is full of success stories.

Our progress in the Leasing.com Trophy is in our own hands, with a game against Morecambe to come, so why not get to Wembley?

We got past Dulwich and are in round two of the FA Cup – so again, why not an exciting cup run.

##### **Q29: Why is Steven Pressley still at the club?**

We have seen widespread change to the on-field activities of the club in the last 18 months.

It is a difficult task for any manager to deal with that and, at the same time, win and play in a way that excites supporters, and that out-performs 'richer' rivals.

It is the board's job to support the manager, and we continue to do that.

At the start of the season, with the changes to our squad, he has faced a major rebuilding job. With younger players joining there has also been a development job and team building job.

We retained players who played just 30% of our minutes in 18/19. This was the second lowest in L2. Most of this came from Adam Collin, Mike Jones and Hallam Hope. Only six of our 20 leading players from 18/19 were back for 19/20, and that included Kelvin on a long-term injury. 15 regular starters left and we have seen over a dozen new players join.

It is almost inevitable that in taking this approach there will be difficult periods to deal with. In these periods I believe it calls for grit, determination, and real togetherness and support to get through it. Come through that and it makes you stronger and better.

That said, the Board understands the need to balance future improvement with what is happening right now – we all know results matter. We take the league position seriously so, after a poor October, the last two games have helped. With back-to-back wins and being unbeaten in three, we now have a chance to continue at Morecambe then win back-to-back league games at Vale Park.

The Board, the staff, manager, players and everybody connected to the club go through similar emotions to fans when we lose games, and therefore we completely recognise the concerns when we are low in the table. We are all focussed on making it better and on doing what is required to win the next game and the next after ... as well as the longer-term future.

**Q30: In the light of some good performances from Dean Henderson at Sheff Utd (On Loan from Man Utd), can the Club confirm if we have sell on clauses for both playing in the Premier League and/or for England, and if so, the exact wording around them?**

As you would expect, there are provisions for CUFC to benefit from a sell-on profit on sale if the player is sold by MUFC, and other contingent payments, but I am not prepared to breach the contract with MUFC by going into details.

**Q31: Anyone fancy a game of snooker?**

No answer received.

#### **QUESTIONS SPECIFICALLY FOR NIGEL CLIBBENS:**

**Q32: There was accusations that at the Northampton match one of the directors challenged a fan to a fight and that you were protecting him from getting involved by dragging him away.**

See Q4

**You say you have investigated this and found no evidence.**

You are misrepresenting what I said. I choose my words carefully. I did not say that at all. I said: "There is nothing on the CCTV showing any reaction towards any supporter and I have spoken to the director concerned to confirm this."

We have a Complaints Policy on the website it has been in place for some time. It is transparent and public: <https://www.carlisleunited.co.uk/news/2019/may/Club-complaints-policy/>

Surely this investigation should be carried out by someone unconnected with the incident.

The Club Policy sets out what we do when we get a complaint. There has been no investigation because there has been no complaint.

If some fans think they saw you protecting Mr Pattison that night, what reassurances can you give them that your investigation was impartial?

There has been no 'investigation' because there has been no complaint, so all your other conclusions and inferences about impartiality don't follow on.

You said there was an "incident" at the Northampton match which was monitored by staff. Could you go into some more detail about what this incident was that it apparently made people believe Mr Pattison was threatening a fan?

Nothing to add.

You say that fans are allowed to criticise the BOD.

Yes – which some fans did on the night (as happen sometimes), it is part and parcel of the game.

At the Northampton match, several fans reported

Nobody has reported this to the club.

that when they were criticising the BOD they were warned to stop otherwise they would be ejected. How do you explain that?

Without any report from those affected I can't respond specifically.

There is a clearly very large difference between criticism of BOD (which is part and parcel) and behaviour so bad it leads to the risk of an ejection. On the night, no fans were ejected, the stewards did not need intervene and the fans voiced their views to the BOD. No complaints have been made.

If Mr Pattison did not challenge a fan to a fight, that still means something happened which led people to believe he did. If people have got the wrong idea about a director then surely you want to establish what caused them to think that, so we can avoid that happening again. Can the club appeal for all fans who were near the directors box that night to get in touch with the club about what they saw/heard?

I made the offer via N&S already. It remains open. I said: "Again, the door is open if the supporter concerned wishes to get in touch, even confidentially ... I promise to make sure any concern is properly dealt with."

That remains the case.

Additionally you can maybe invite a third party to investigate and have a look at the CCTV as well, as a fresh pair of eyes might pick up on something you've missed.

As I have said, if there is a complaint made the Policy will be followed including review of CCTV to ensure any complaint is properly dealt with.

#### QUESTION FOR CUFC & CUOSC:

Q33: It's rumoured that the club are talking to someone regarding "Succession" how far in are talks?, is this a full takeover or investment? who is it?

CLUB: See Q10. Nothing live at present

Q34: What specific steps have you taken in the last 3 months to find new owners for the club?

CLUB: I have met with an investment broker representing potentially interested parties looking at investing in UK football. We shared basic information, but it hasn't progressed further so far.

Directors have been contacted by two separate other parties but neither has progressed their interest so far. Best described as tentative enquiries.

This kind of enquiry is normal and reflects the recent past experience of tentative enquiries.

I have met with the EFL about the detailed requirements of passing its tests and what is required in the light of Bury, including Future Financial Information and Source and Sufficiency of Funds.

CUOSC (answered both together): Both the club and CUOSC accept the need for succession of ownership. It would be irresponsible to go into specifics at the moment.

#### QUESTIONS FOR CUOSC:

Why, when many fans have emailed or contacted them in some way over the last week with their thoughts, and suggestions etc, do they not even have the decency to reply?

We reply to all responsible emails. We are also available to speak to fans at our regular pre-match supporters' surgeries. We have met various supporters recently and we find open and honest dialogue helps break down barriers and avoids misconceptions.

Why are the Trust so ineffective?

We are not ineffective. We attend club board meetings and work behind the scenes. CUOSC are shareholders in the club and a voice for fans. However, we would love to have more members.